

# State Reinsurance Program Annual Public Forum

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Maryland Health Benefit Exchange  
Policy Department

July 18, 2023

# Introduction

- This forum is required pursuant to 31 CFR §33.120(c) and 45 CFR §155.1320(c)
- MHBE hosts this forum annually
- The purpose is to provide the public an opportunity to give meaningful comment on the progress of the waiver thus far

# Public Forum Agenda

- Introduction
- 1332 Waiver Presentation
  - Program Performance for Plan Year 2023
  - 2024 Reinsurance Parameters
  - Program Developments Since Last Annual Reinsurance Public Forum
  - Carrier Accountability Reports
- Public Testimony Period

\*Note: If you wish to testify during the public comment period, please sign up on the Google Form in the comment section

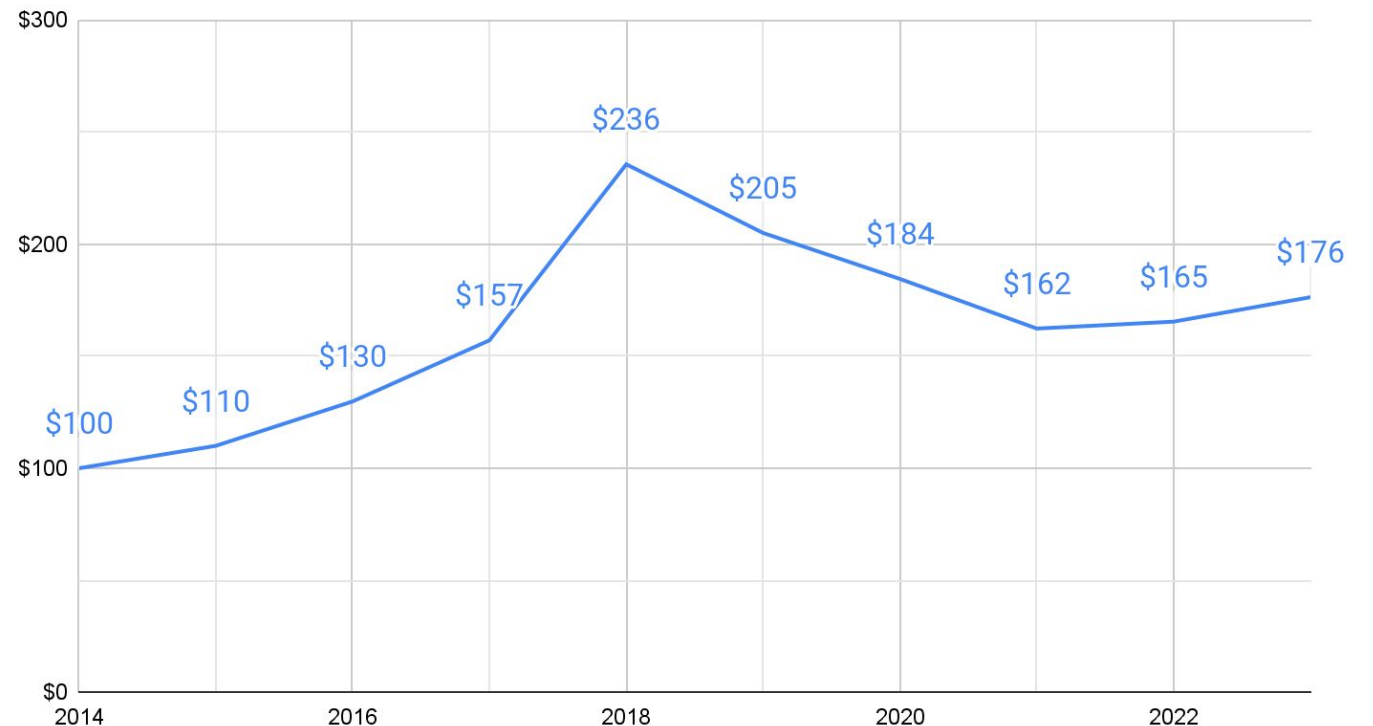


# Maryland State Reinsurance Program Performance for Plan Year 2023

# Premiums Fell Through 2021; Rose in 2022, 2023

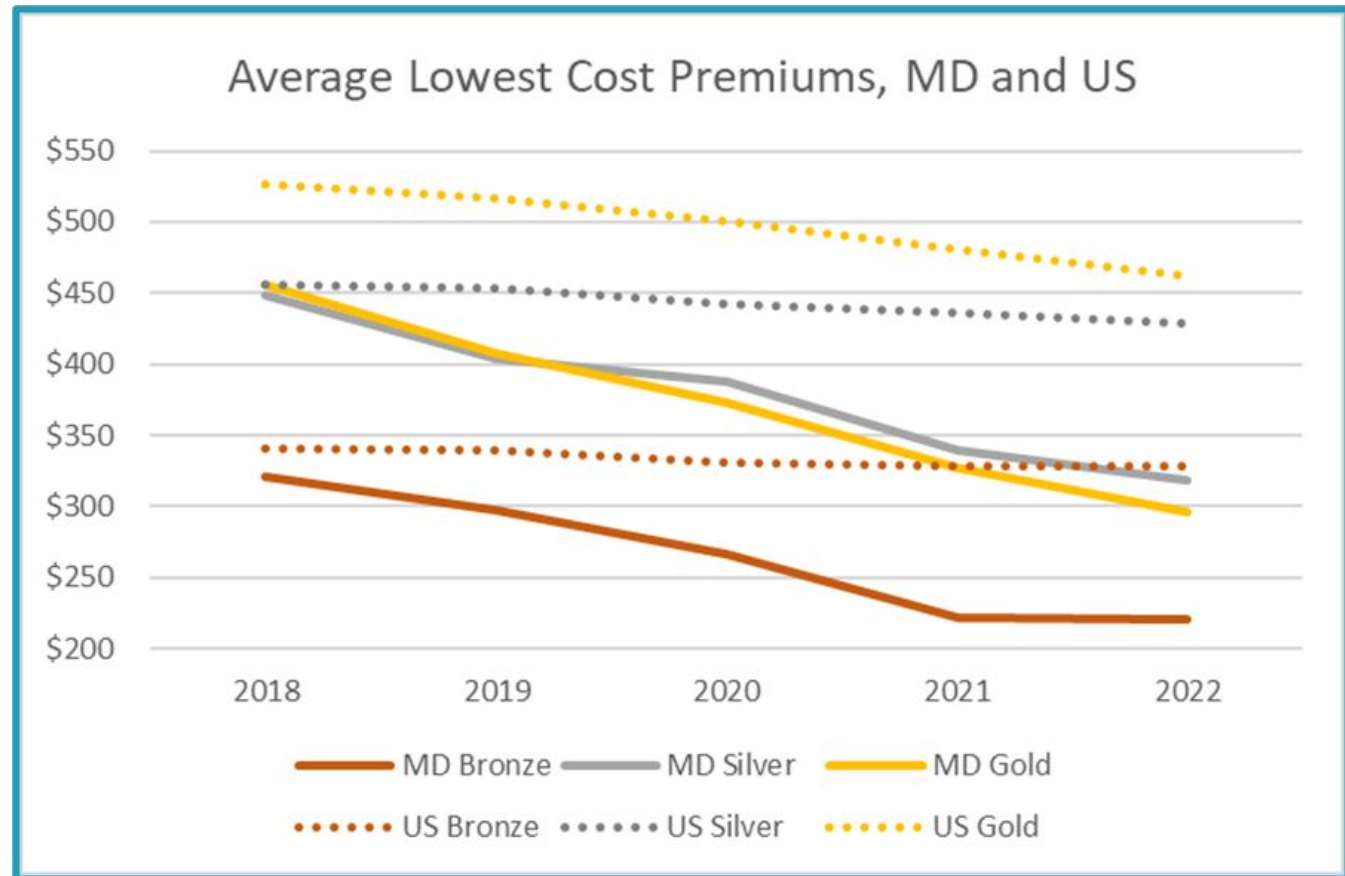
Plan Year	Avg. Individual Premium Change
2014	n/a
2015	10%
2016	18%
2017	21%
2018	28%
<b>Reinsurance Starts</b>	
2019	-13%
2020	-10%
2021	-12%
2022	2.1%
2023	6.6%

Change in Average Monthly Premium by Year (Example)



# Program Outcomes: Premiums

- Premiums are down more than 25% compared to 2018.
- Maryland's lowest cost plans are about 25-30% below US averages



Data source: Kaiser Family Foundation, <https://www.kff.org/health-reform/state-indicator/average-marketplace-premiums-by-metal-tier>

# Estimated Effect of the Reinsurance Program on 2023 Premiums

## Rate Impact of the SRP by Carrier

Carrier (Network)	Enrollment* (on/off MHC)	2023 Rate Change (w/o Reinsurance)**	2023 Rate Change (w/ Reinsurance)**
CareFirst (HMO)	134,045	50.6%	6.0%
CareFirst (PPO)	17,052	97.2%	13.3%
Kaiser Permanente (HMO)	59,956	47.8%	6.6%
Optimum Choice (HMO)	20,063	45.2%	4.4%
Total	231,116	52.3%	6.6%

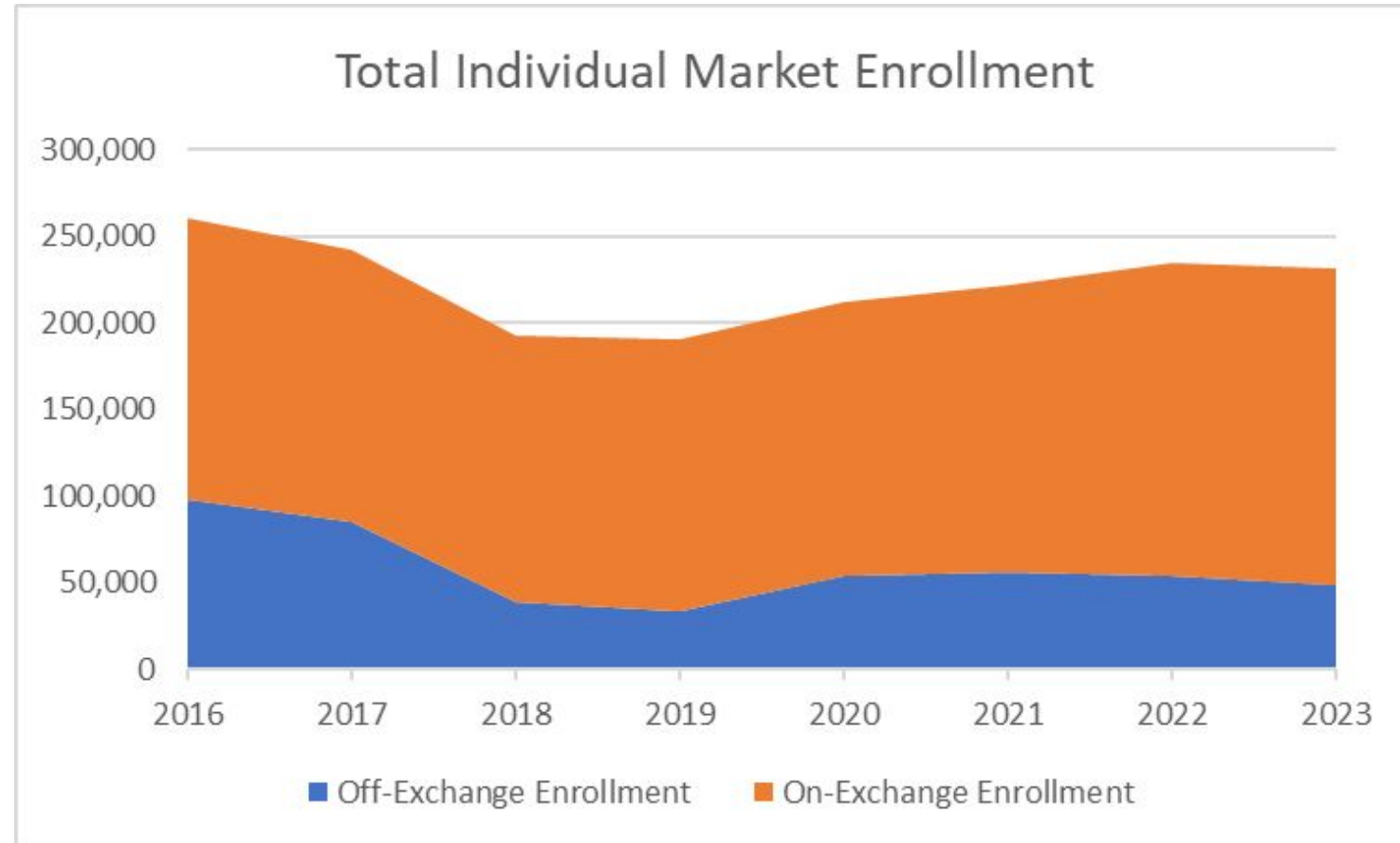
\*[Data as of 4/30/23 provided by the MIA](#)

\*\*Data provided by the MIA

# On- and Off-Exchange Enrollment

Between 2019 and 2023:

- On-exchange enrollment is up 21%
- Total individual market enrollment (on- and off-exchange) is also up about 21%.



Total market enrollment data from MIA, data as of 3/31 for 2016, 2017, and 2022, as of 6/30 for 2018, 2020, and 2021, and as of 7/31 for 2019. On-exchange data from MHBE as of the end of open enrollment for each plan year. Off-exchange enrollment calculated as total enrollment minus on-exchange enrollment.



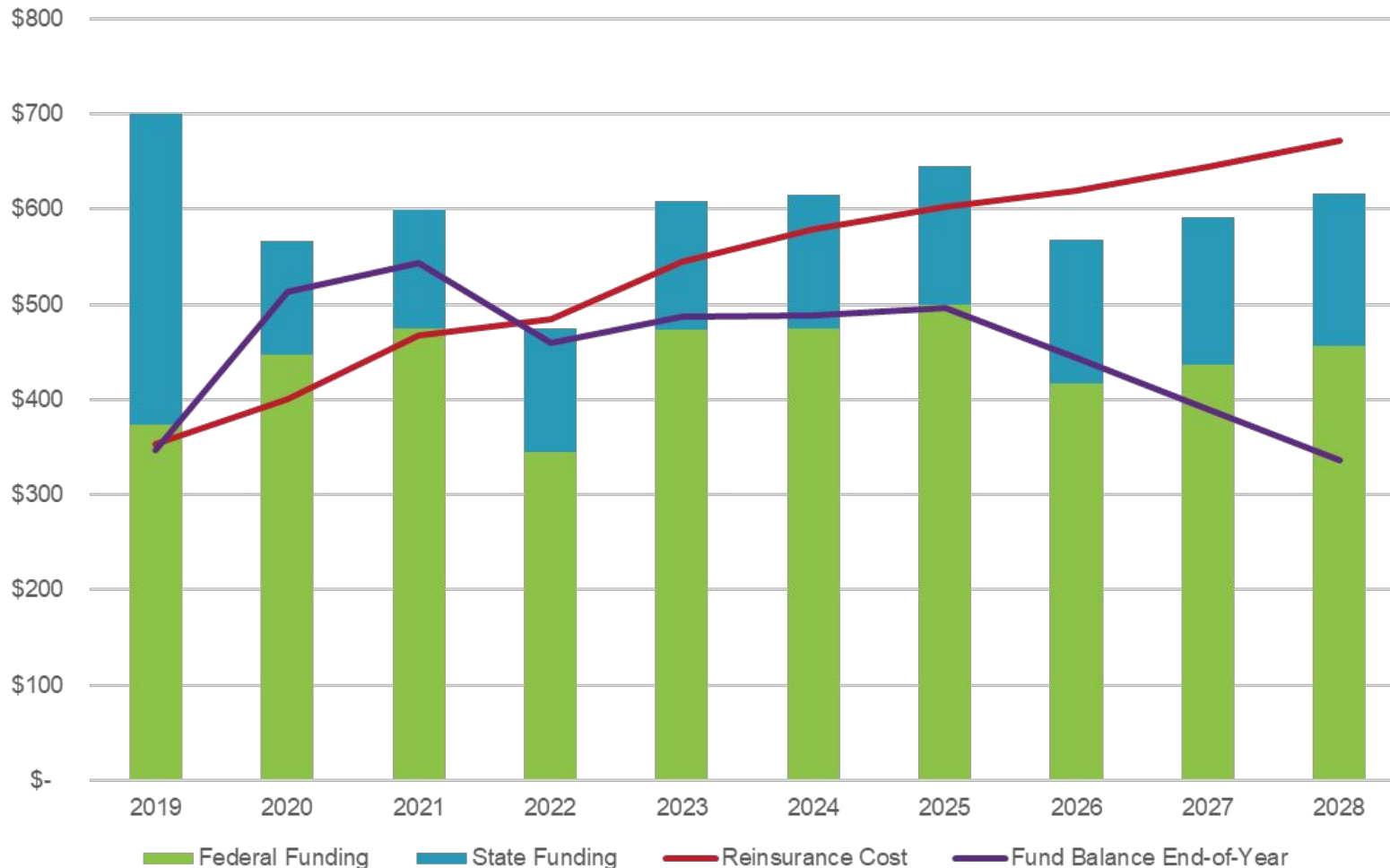
# Estimated Effect of the Reinsurance Program on 2023 Enrollment

Without the reinsurance program, individual market enrollment would have been an estimated 6 percent lower.

Scenario	Total*
2023 Estimate w/o Reinsurance	221,390
2023 Estimate w/ Reinsurance	235,521
Difference w/o Reinsurance	14,131

\*Data from actuarial estimates (July 2023)

# July 2023 SRP Funding Projections with 2024 Attachment Point of \$20,000



- Projections assume attachment point increases by \$1000 annually starting in 2025; enhanced federal subsidies end in 2025.
- Reflected in end-of-year balance, but not otherwise shown: \$219M removed from state SRP fund for other programs across FY21-25, and est. \$68M for Young Adult Subsidy across FY22-26.

# 2024 Reinsurance Parameters

# SRP Parameters - Regulatory Requirements

## COMAR 14.35.17.04

B. Each year the Board shall set the payment parameters for the State Reinsurance Program by determining the following factors:

(1) An attachment point;

(2) A coinsurance rate;

(3) A reinsurance cap; and

(4) A market-level dampening factor provided by the Commissioner, if determined necessary by the Board.

**C. For each benefit year after 2019, the Board shall set the estimated payment parameters for the State Reinsurance Program on or before April 1 of the calendar year preceding the applicable plan year.**

D. For each benefit year after 2019, the Board shall set the final payment parameters for the State Reinsurance Program before December 31 of the calendar year preceding the applicable plan year.

# Final 2024 SRP Parameters

- In February 2023, the Board set estimated 2024 parameters with an attachment point of \$19,500
- In July 2023, the Board set the final 2024 attachment point at \$20,000, held the coinsurance rate and cap steady, and again determined that a dampening factor, to be provided by the Commissioner, is required.

Parameters	Final 2019 - 2022	Final 2023	Estimated 2024	Final 2024
Attachment Point	\$20,000	\$18,500	\$19,500	\$20,000
Coinsurance Rate	80%	80%	80%	80%
Cap	\$250,000	\$250,000	\$250,000	\$250,000
Dampening Factor	.760 - .805	.840	Yes	Yes

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# Program Developments Since Last Annual Reinsurance Public Forum

# Calendar Year 2023 SRP Key Dates

<b>February 21, 2023</b>	<b>MHBE Board</b>	<b>Set estimated 2024 SRP parameters.</b>
<i>March 30, 2023</i>	<i>MHBE Policy</i>	<i>Submit application to extend 1332 Waiver</i>
May 22, 2023	MIA	2024 Rate Filing Deadline
May 2023	MHBE Policy	2022 Carrier Data Submission: - 2022 and emerging 2023 claims continuance table - 2022 Carrier EDGE Server Data
<i>June 28, 2023</i>	<i>MHBE Policy</i>	<i>US DHHS and Treasury approve waiver extension</i>
Early July 2023	MHBE Policy	- Finalize recommended 2024 SRP parameters and recommendation for SRP & Risk Adjustment Interaction - Estimate 2022 SRP payments
<b>July 17, 2023</b>	<b>MHBE Board</b>	<b>Set final 2024 SRP parameters.</b>
Mid-Aug–Early Sept	MIA	MIA 2024 rate release
Fall 2023	MHBE Policy	2022 Carrier SRP Accountability Reports Due
September 2023	MHBE	Issuers receive SRP payments for 2022 claims experience
January 1, 2024	MHBE	New 5-year waiver period begins

# HB 413 Workgroup - SRP Financing

## **HB0413 / SB0395: Health Insurance – Individual Market Stabilization – Extension of Provider Fee**

- Extends 1% assessment on insurance providers through 2028 to fund SRP
- Requires MIA to lead workgroup in consultation with MHBE
  - SRP impact and possible funding sources; appropriateness of 1% fee; market reforms needed to provide affordable individual market coverage
  - Report due on December 1, 2023
- Workgroup met May 11, 2023 and May 25, 2023
- Next workgroup meeting will be on August 4, 2023
- Materials and updates are available on the MIA's website [here](#)



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# Carrier Accountability Reports

# Reinsurance Program Carrier Accountability Reports

- MHBE regulations require carriers to submit an annual report that describes activities to manage the costs and utilization of the enrollees whose claims were reimbursed by the SRP and efforts to contain costs, so enrollees do not exceed the reinsurance threshold
- The initial annual reports cover plan years (PYs) 2019-2021
  - CareFirst
  - Kaiser Permanente
  - United (2021 only)

# Report Collects the Following

- Initiatives to manage costs and utilization of enrollees whose claims were reimbursed by the SRP
- The total population of enrollees whose claims were reimbursed by the SRP, the allocation of these enrollees across each of the initiatives described above, and the allocation of enrollees who do not participate in these initiatives and programs
- The effectiveness of the initiatives and programs, as measured by the estimated reduction of claims and utilization
- The actions the carrier will take to improve effectiveness
- The estimated savings to the SRP based on the effectiveness of these initiatives
- The estimated rate impact of the initiatives
- The methodology used to determine which programs to include, their estimated effectiveness, and estimated savings
- Population health initiatives and outcomes

# Targeted Conditions in Carrier Accountability Reports

- MHBE collected specific information on carrier initiatives targeting state population health goals including:
  - Diabetes
  - Behavioral health
  - Asthma
  - Pregnancy/Childbirth
- Also collected information about COVID-19 in PYs 2020-2021
- Reporting instructions and templates are available [here](#)

# SRP Payments and Enrollment by Carrier

Adults aged 55-64 years accounted for the largest portion of both SRP enrollment and payments in all years (data not shown)

Carrier	# of Enrollees with Claims Reimbursed by the SRP	% of Enrollees with Claims Reimbursed by the SRP	Total SRP Payment	% of Total SRP Payment	% of Total Market Enrollment
<b>PY 2019</b>					
CareFirst HMO	6,890	60%	\$206,560,535	59%	57%
CareFirst PPO	2,205	19%	\$60,674,198	17%	6%
Kaiser	2,389	21%	\$85,563,864	24%	37%
<b>Total</b>	<b>11,484</b>	<b>100%</b>	<b>\$352,798,597</b>	<b>100%</b>	<b>100%</b>
<b>PY 2020</b>					
CareFirst HMO	7,911	64%	\$249,548,893	62%	64%
CareFirst PPO	2,268	18%	\$67,555,718	17%	6%
Kaiser	2,225	18%	\$83,002,043	21%	31%
<b>Total</b>	<b>12,404</b>	<b>100%</b>	<b>\$400,106,654</b>	<b>100%</b>	<b>100%</b>
<b>PY 2021</b>					
CareFirst HMO	9,556	65%	\$300,322,022	64%	65%
CareFirst PPO	2,636	18%	\$81,335,082	17%	6%
Kaiser	2,419	16%	\$81,956,876	18%	28%
United	96	1%	\$4,044,509	1%	2%
<b>Total</b>	<b>14,707</b>	<b>100%</b>	<b>\$467,658,488</b>	<b>100%</b>	<b>100%</b>

# Summary of PY 2021 Care Management Initiatives

**Asthma:** None

**Pregnancy:** None

## **Behavioral Health**

- CareFirst: Behavioral Health & Substance Use Disorder Care Management Program, PYs 2019-2021
- Kaiser Permanente: Depression Care Management Program, PYs 2020-2021

## **Diabetes**

- CareFirst: Diabetes Care Management Program, PYs 2019-2021
- Kaiser Permanente:
  - Diabetes Care Management Program, PYs 2019-2020
  - Diabetes Educational Video Program, PY 2019
  - Diabetes Glucometer Program, PYs 2020-2021
  - Diabetes Messaging Program, PY 2021

United was new to the market/had limited enrollment in 2021 and had no care management initiatives meeting the reporting threshold of 300 or more enrollees. However, United has a behavioral health program focused on opioid use disorder and a broader Case Management Program that coordinates care for high-risk patients with chronic or acute health care needs.

# Top 5 Most Frequent Hierarchical Condition Categories (HCCs) among SRP Claims

PY 2019	PY 2020	PY 2021
Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Diabetes with and without complications	Diabetes with and without complications
HIV/AIDS	HIV/AIDS	HIV/AIDS
Diabetes with and without complications	Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic
Major Depressive and Bipolar Disorders	Congestive Heart Failure	Ongoing pregnancy without delivery with no or minor complications
End Stage Renal Disease	Asthma and COPD	Heart failure

- Diabetes, one of the state's public health priorities, was among the 3 most frequent HCCs among SRP enrollees in all 3 years.
- HIV/AIDS and various cancers were also in the top 3 in each year.

# Top 5 HCCs among SRP Claims by Total Allowed Claims

PY 2019	PY 2020	PY 2021
Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic	Cancers, including breast, prostate, lung brain, colorectal, and metastatic
Congestive Heart Failure	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock
Diabetes with and without complications	Respiratory Arrest, Failure, and Shock	Hemophilia
Septicemia, Sepsis, Systemic Inflammatory Response Syndrome/Shock	Diabetes with and without complications	End Stage Renal Disease
Respiratory Arrest, Failure, and Shock	Congestive Heart Failure	Inflammatory Bowel Disease

- Various cancers were the highest cost HCCs among SRP enrollees in all 3 years.
- Diabetes and Respiratory Arrest were in the top 5 in 2 out of 3 years
- Septicemia, sepsis, and systemic inflammatory response syndrome/shock were also among the top 5 in each year.



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# Public Comment

# Appendix: Summary Data, 2014-2023

Sources: MHBE Annual Reports, MHBE Plan Management, MIA Rate Decisions, Carrier Rate Justifications Data as of the end of open enrollment preceding each benefit year

Benefit Year	Participating carriers (#)	# QHPs Offered	Enrollment	Subsidized/ Unsubsidized (%)	Premium Change (%)	Rate Justification
2014	4	45	81,553	80/20	-	-
2015	5	53	131,974	70/30	10%	Sicker/Older Pool   MHIP Migration   Increased unit cost of care   Increased utilization   Health Insurer Fee
2016	5	53	162,652	70/30	18%	Actual claims experience higher than 2015 rates   Pent-up demand in formerly uninsured entrants   Risk Adjustment payments   Increased cost and utilization trends   Reduction in reinsurance payments
2017	3	23	157,637	78/22	21%	Increased unit cost of care, claims, morbidity of pool   Cessation of the reinsurance program
2018	2	21	153,571	79/21	50%	New members entering risk pool   Current members terminating coverage   Increased churn and trend   Loss of CSR   Individual mandate enforcement not included in rate
2019	2	20	156,963	77/23	-13%	Introduction of the State Reinsurance Program   Medical inflation   Removal of the Individual Mandate
2020	2	23	158,934	76/24	-10%	Ongoing effectiveness of reinsurance program   Trend
2021	3	33	166,038	73/27	-12%	Reinsurance program   New market entrants
2022	3	33	181,206	79/21	2.1%	
2023	3	33	182,166	76/24	6.6%	